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News, Photo

Opinion

MSU Study Shows Montana Products Moving West

Further evidence of growing marketing opportunities in Western States for Montana industries is disclosed in the report of a study of Montana's balance of trade being conducted by the Bureau of Business and Economic Research at Montana State University.

The findings from an analysis of Interstate Commerce Commission war bill statistics are reported by Dr. William S. Peters, Associate Professor of Business Administration, in the August, 1957, issue of "Montana Business."

Cattle, Lumber, Wheat

In a breakdown of one-state movements for three of Montana's major products (cattle and calves, lumber, and wheat) using the comparative periods of 1939, 1948, and 1953-55, some differences in Montana's market orientation between pre-war and post-war patterns are found to exist. Dr. Peters points out that: "Differences between pre-war and post-war patterns are clearest in cattle and calves with the Far West increasing in importance to Montana shippers at the expense of the historically traditional markets to the east. In lumber the already predominant shipments to the West North Central States have increased seemingly at the expense of Northeastern destinations. In wheat the gain in share of West Coast markets in the decade of the '40's is again evident, though there is some question whether the trend has persisted unabated into the '50's."

In his final comments, Peters applies the overall generalization, "Up to 1955 a number of vital export markets for Montana now looks both east and west, and that among the northern tier of Mountain States this position is in many respects unique."

Implications of Market Shifts

While the portion of Dr. Peter's study that pertains to changes in Montana's market orientation for major products is described as only a partial answer, it is most encouraging for the future. The trend noted means not only that markets may be moving closer to Montana's traditional products, but that there are also growing opportunities for adding value by manufacturing and otherwise upgrading our products of agriculture, minerals, and forests. The promise of future development and diversification depends on the extent to which population growth continues in the western portion of the United States. Much also depends on what we do within the state in the way of directing research and promotional activities to development potentials.

Montana State

One measure of a state's promise of population growth is in "Montana," because "Free World War II" population grew at a faster rate than any time since 1850.

In fact, according to estimates of the State Board of Health from school census data, as reported in the Bureau of the Census reports, Montana's population increased 12 per cent from 1950 to 1955, while the nation increased only 9 per cent during the same period.

Presumably all Montanans would like to see our state continue this growth. What are the prospects?

There is no sure answer, but some comparative projections can be made. The accompanying table shows three projections. The first two were made recently by the U. S. Census Bureau and reflect different combinations of assumptions regarding future birth, death, and migration rates. The third projection, prepared by the State Planning Board, assumes only that the growth rate in absolute numbers since 1950, as estimated by the Board of Health, will continue.

Varied Projections

While the third projection is substantially higher than either of the two Bureau of Census projections shown, it is wise to consider it within the realm of possibility.

The most obvious reason is that confidence is being expressed in the need of the State Board of Health estimate for 1955, which is 31,000 above the U. S. Census estimate for that year. Thus, both the beginning 1955 base and the projected growth trend of the preceding five-year period are greater.

COMPARATIVE PROJECTIONS OF MONTANA POPULATION, 1950-1970

	July 1, 1955	July 1, 1970
Projection 1	591,622	727,700
Projection 2	591,622	700,700
Projection 3	591,622	815,700
Population as of July 1, 1955	591,622	591,622
Population Estimates, U. S. Decennial Census, 1950-1955	591,622	591,622
Population based on estimate of State Board of Health, 1950-1955	591,622	700,700
Population based on estimate of State Board of Health, 1950-1955, projected through 1970	591,622	815,700

Source: Bureau of the Census, Population Reports, Series P-25, No. 14, August 1, 1957.

Notes: 1. Population based on estimate of State Board of Health, 1950-1955, projected through 1970.

2. Population based on estimate of State Board of Health, 1950-1955, projected through 1970.

3. Population based on estimate of State Board of Health, 1950-1955, projected through 1970.

Why Bozeman Plans

Bozeman's city planning program is progressing well, according to M. L. Henderson, City Manager.

Bozeman is the first city in Montana to take advantage of the Urban Planning Assistance Program by which U. S. Housing and Home Finance Agency pays up to half the costs of a planning project.

The City of Bozeman is contributing \$10,000 to the project fund and will furnish labor or services by city employees as the city engineer and city attorney, for example. H.H.A. will furnish a grant of \$7,350. S.R. DeBoer, a professional city planner, has been engaged. DeBoer, an employee of DeGolyer and Glazier, is stationed in Bozeman to be certain to gather data on a budget of \$14,700. The plan will be a complete development plan covering the city's future for the next 10 years. DeBoer to assure that the plan is accepted and understood by citizens.

Suburban Growth Unplanned

Henderson is quite definite about why Bozeman is planning. "The areas just outside the city limits were developing in a haphazard manner that our future growth would be impeded," he says.

We have had an excellent zoning plan in effect within the city for 10 years. However, on the outskirts, new homes and lines of buildings were being built without regard to doing the highway, rather than concentrated in shopping centers. The values of potentially valuable commercial and residential land were being lowered for all time. In several cases, the new businesses were marginal businesses that were looking for cheap land.

In addition, new suburban housing developments were not being built with legitimate setbacks, street grades, and other standards. Since these areas eventually would be taken into the city, no official had an interest in what was being done there.

Planning Commission Formed

A Municipal Plan Board of interested citizens was organized to cope with these problems. The Board did an excellent job of working with subdividers to make good subdivision layouts, and in suggesting the best locations for shopping centers, schools, etc., in the newer areas of the city. But a point was reached where expert advice was needed.

Master Plan Found Necessary

The Board found that in order to an- ticipate future growth and thus keep the city in the front rank, it wanted to have a complete master plan of the future growth would have to be formulated.

For this reason, the Board, a few weeks ago, recommended that the city commission hire a professional to take some time to study the area in the future and to get information that would be of value in the planning of the city. The manager especially recommended the need of the future in-



(Northern Pacific Railway Photo)

One of the largest livestock feeding operations in Montana is in Sidney. Over 80 per cent of all sheep fed for slaughter in Montana are fed in the Sidney area, which is the hub of a rich irrigated agricultural area. The Holly Sugar Company refinery annually produces about 13,000 tons of dried beet pulp and 9,300 tons of beet molasses. These by-products form the basis of the commercial feedlot there. Other feed available include alfalfa hay, beet tops, corn, and grains such as barley and oats from surrounding areas.

Sidney is also the state's second largest livestock market, according to Dan Price, Manager of the Sidney Chamber of Commerce. Last year 571 carloads of sheep were forwarded from the Lower Yellowstone Project, and 1,229 carloads of cattle.

The community of Sidney realizes the importance of agriculture to its prosperity. A prime example, according to Manager Price, was the way Sidney businessmen furnished support, both monetary and otherwise, to secure a branch State Agricultural Experiment Station for Sidney in 1948. This laboratory conducts research on problems of eastern Montana agriculture.

At the present time, Sidney is supporting the establishment of an experimental livestock fattening program, which may lead to an expansion of current feedlot operations.

Sidney is wise in concentrating its economic development efforts on agriculture.

part of Montana State College on Bozeman's economy. As the college continues to grow, more city services will be needed.

Another factor in the need for expert help, according to Henderson, is that a town's citizens won't always listen to their fellow citizens on the planning commission tell them what to do about the city's future. Outside, professional advice would be generally accepted.

Consultant Hired, Grant Approved

So Mr. Henderson, the Plan Board and the City Commission investigated several planning consultants and DeBoer's services were tentatively arranged. An application was filed through the State Planning Board for an H.H.A. grant. This grant was approved by H.H.A. last summer, and DeBoer started work immediately. Already completed is a study of the effect of the new Inter-

state Highway on Bozeman's growth and a map of the trade areas of Bozeman.

Bozeman's planning program is a relatively inexpensive one because both city officials and the Plan Board had done excellent groundwork. Prospective layouts of new suburbs had already been prepared when DeBoer started to work.

Joint Board Formed

Bozeman and Gallatin County recently organized a joint City-County Planning Board under the provisions of planning legislation passed by the legislature last March. This will allow more efficient planning in suburban areas.

Bozeman has an especially forward-looking and aggressive city government. But there is no reason all Montana cities can't deal with their problems in the same way.

Certainly Bozeman will reap the benefits in the future.

RESEARCH HELPS FOR SMALL BUSINESS

America is a country of small businesses—83 per cent of all manufacturing establishments employed less than 50 people in 1954 and 99 per cent of all trade and service establishments had less than 50 employees.

This is especially true in Montana; we have only 38 manufacturers that employ more than 100 people.

Even though small business is an important part of our economy, there are many factors working to decrease the number of small businesses—higher costs, automation, taxes, product diversification, labor costs.

One of the most important of these factors was discussed at the President's Conference on Technical and Distributive Research for the Benefit of Small Business held in Washington, D. C., September 23-25, 1957. This factor is that research and development activities are the key to economic growth in this country. Research into new products and into sales potentials, for instance.

Research, though, costs money. Many small businesses feel they cannot afford research. Big business, on the other hand, realizes the importance of research, and in almost every case reaps the benefits in increased sales.

The President's Conference was held to suggest ways of telling small business how to take advantage of research.

Many relatively inexpensive research helps are available to small business, according to the Conference:

- **Trade associations.** Often, small businessmen can together hire necessary research done by a professional staff. Many times, too, small manufacturers are already members of associations that can do research on specific problems.

- **Business press.** Magazines and journals are among the best ways to keep up with what's going on in a business.

- **Educational institutions.** Nearly every college has faculty personnel available for consultation, at a very nominal cost, on specific research projects. In this state, Montana State College channels contract research through the Research and Endowment Foundation, and Montana State University through the Bureau of Business and Economic Research. Besides private consulting work, colleges publish many research aids (such as "Montana Business") and conduct extension activities in many communities of the state.

- **Professional consultants.** Private research institutes do contract research, and much of their work is for small business. For instance, Stanford Research Institute recently conducted a survey of consumer preferences in house trailers for an association of trailer coach manufacturers.

- **Governmental units.** The amount of published material put out by agencies of federal and state government is phenomenal. U. S. Department of Commerce and Small Business Administration usually have access to most of them. For instance, the data gathered by the U. S.

Brickman Expands Plant; Says Montana Thrives

The State Planning Board always likes to hear about expansions based upon faith in the future of the state.

Take Archie Bray, Jr., of the Western Clay Manufacturing Company in Helena. Bray says he is convinced Montana is going to grow tremendously in the years ahead. And that's why he recently upped the capacity of his plant to 5,700 building bricks a day—enough to build five houses every day.

This is a significant fact. Production of building brick is a "service" industry, in the sense that bricks are used in new buildings. New buildings come only with economic development. Thus, when he decides to build a bigger brick factory, Bray is affirming a faith that basic industry is going to grow in the future so that more buildings will be built.

Bricks, being a relatively low value, bulky product, are not shipped great distances due to high transportation charges. Because of this, they are made almost everywhere. Montana has three brick plants in Billings, Lewistown, and Helena. Other plants in the area are in Spokane and Salt Lake City. The principal market for brick made in Helena is therefore western Montana, Idaho, and Wyoming.

New Kiln

Western Clay was started about 70 years ago in Helena with five small "beehive" kilns. This year, a modern 240-foot long kiln was installed in a new 272' by 105' metal building. All machinery is modern—the bricks are handled only once by hand. Every other operation is automated. Clay comes from a deposit near Helena, and the plant employs about 25 men year-around.

Bray is a real booster for the state. He emphasizes: "Never sell your state short. Montana has everything. It will be extremely important industrially in the future."

We agree, Mr. Bray.

Census Bureau can be utilized. A manufacturer wanting to know the potential market for a new product could get much of what he wanted from "Census of Manufactures," and from population data in the communities he wanted to serve. In addition, the Census Bureau will run special tests to gather information from their data.

State agencies, too, can help small business. The Employment Service is an example—fitting the right personnel into the production line. The State Planning Board can also help small businessmen with specific problems in some cases.

- **Big business.** With their own research activities, larger firms are often able to help the smaller firms from which they buy and sell. At the Conference, the example of Sears, Roebuck with its candy research lab was cited. Over 300 small candy manufacturers around the country that supply Sears with candy and that could not afford extensive research activities on their own are thus given the benefit of high standards.

By taking advantage of help that is available, small business can often solve many technical problems—and at a reasonable cost.



An interesting program was presented at the annual Montana Chamber of Commerce convention in Helena last October 26. Keynote speaker was Franklin L. Parsons, Research Director of the Federal Reserve Bank of Minneapolis, who discussed "tight money". Main speaker was Dean H. Fristman, Vice President of the Northern Pacific Railway from Seattle, who talked on Montana's role in the Northwest's economy.

Plans for a plywood factory in Whitefish have been announced by H. E. Van Allen, President of Whitefish Lumber Company. A local group, Whitefish Development Corporation, has been formed to construct a building to house the factory at a cost of \$250,000. This will be Montana's second plywood plant—the first is Pason Plywood (see Feb., 1957, Industrial Horizons).

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